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Special Issue

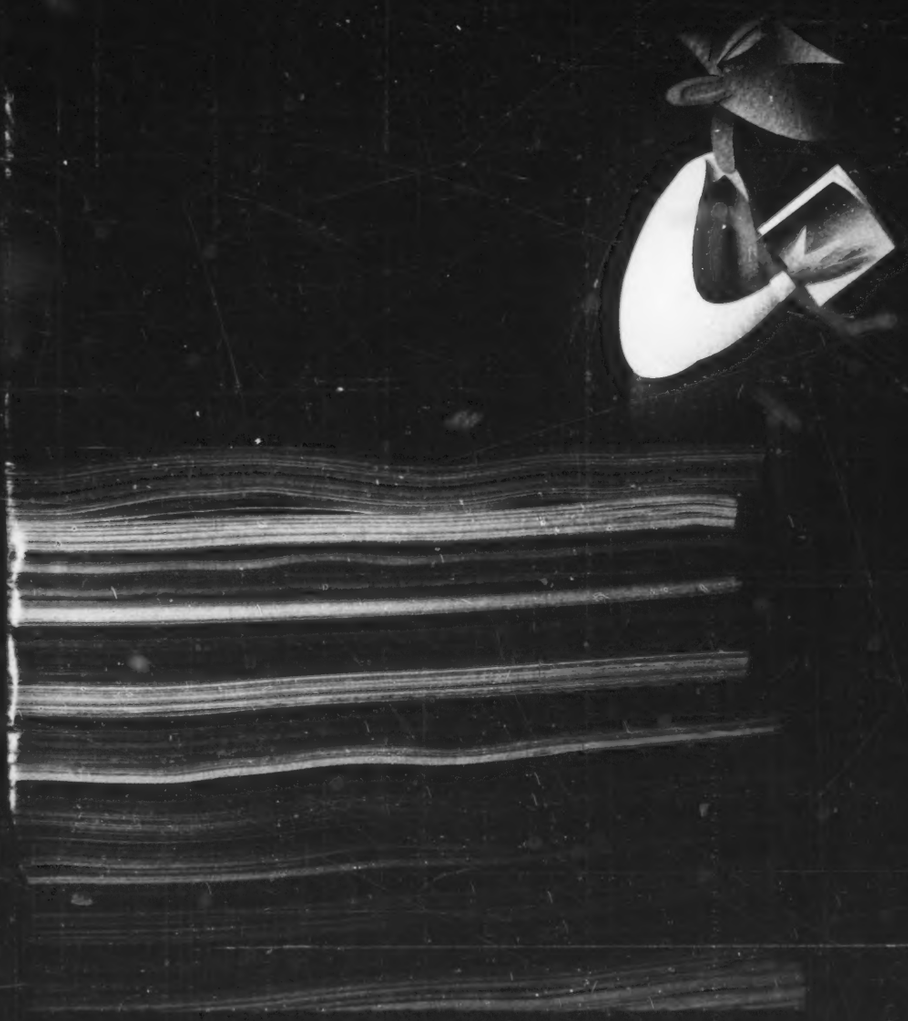
May 24, 1989

Advertising Age

Crain's International Newspaper of Marketing

MAGAZINES

Facing the challenges of the '90s



Magazine publishing: Only the tough survive

Advocacy journalism: Growing in popularity, but still controversial

Times Mirror male books struggle for growth

Florio, Riordan, Hefner and others mull the medium's future

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Growing up with a magazine tends to leave its mark, and its share of memories; while TV and other media can elicit similar responses, for many readers, it's not the same and so the love affair continues.

Looking back to see ahead

For more than a decade during my growing-up years, I looked forward to Tuesday, because that was when *The Saturday Evening Post* arrived in the mail. After I got home from school, it was the first thing I asked for from my mother, even before the plate of Salerno butter cookies and the glass of Ovaltine.

Almost two generations later, I can remember with a clarity that surprises me the orderliness and specifics of that wonderful magazine. First, the cover, invariably an illustration. Norman Rockwell could be counted on to do about one a month, in what appeared to be more or less a rotation with Stevan Dohanos, John Falter and several other artists, John Clymer among them.

Inside, the articles and features began just after the contents page. I remember particularly the long-running series on American cities, the short stories (there were always four per issue), and the six-and-eight-week serials, starring among others Tugboat Annie, C.S. Forester's Horatio Hornblower, Perry Mason (in pre-Raymond Burr days) and Alexander Botts, the star salesman for the "Earthworm Tractor Co. of Earthworm City, Ill."

As far as the articles, the *Post* loved question headlines, as in "Will Stalin Swallow Persia?" and "Do Women Make Good Doctors?"

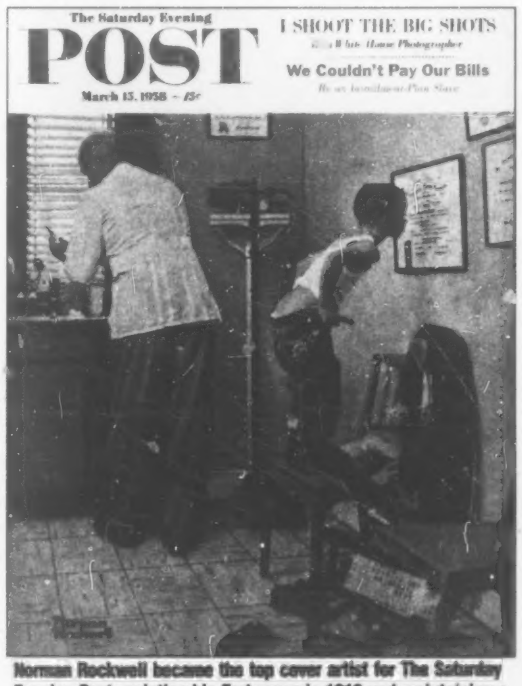
You could always tell when you'd reached the end of the upfront articles and features "well" because there was a page of cartoons and other humor titled "Post Scripts." This meant the jump pages were beginning. For me, this was one of the most interesting parts of the magazine, though, because it also contained a feature called "So you think you know baseball?" in which the reader was tested on arcane and bizarre diamond rules and their interpretation.

And then there were all those great cartoons by Chon Day and Stan Hunt and Tom Henderson (my own favorite), with the last cartoon in the book always being "Hazel" (the acerbic housemaid) by Ted Key. It also was in the *Post* that I first made the acquaintance of cartoonists Charles Schulz and Mort Walker, who would later go on to fame as the creators, respectively, of "Peanuts" and "Beetle Bailey."

The above is not meant to show off my memory—there are millions of Americans who could recite in similar detail their own litany about any one of a multitude of magazines. And that is the point.

Magazines are the most personal of all media. They engender fierce loyalties in their readers, every one of whom considers the publication his or her private province. (As a kid, I remember being surprised—and—maybe a little irked—that there were other *Post* loyalists, readers who could actually cite chapter and verse about aspects of the magazine better than I could; I'm not sure why I was so surprised, because I was at least vaguely aware that the *Post* had a circulation well up in the millions.)

The weekly *Post* of my youth is long gone, of course,



Norman Rockwell became the top cover artist for The Saturday Evening Post, painting his first cover in 1916 and maintaining a 47-year relationship. "Before the Shot" appeared in 1958.

as are many other magazines, as Abe Peck writes *(see Page 55)*. But for every "fallen flag," there are myriad start-ups, new titles waiting to take their places in the hearts of readers as the new "hot" books *(see Patrick Reilly's article on Page 48)*. Magazines as disparate as *Spy* and *Harper's*, *Esquire* and *Boys' Life*, a reborn *Vanity Fair* and a reborn *Saturday Evening Post*, are as eagerly awaited and as voraciously devoured as their forebears from generations past.

Americans for well over a century have been indulging in a love affair with the magazine that is every bit as passionate as their highly publicized romance with the automobile. And this love affair between magazine and reader shows no signs of abating. Quite the contrary.

Robert Goldsborough
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The acquisition and merger frenzy continues at a mind-boggling pace. But the attraction can sometimes seem misplaced when rising paper and postage costs and stiff competition from other media are concerned. Then there are the advertisers, demanding more and more from publishers.

HIGH-FLYING ACTS SHOW SOME WEAR

By Patrick Reilly

The mega-mergers and super deals of the magazine and media industry have turned into a near-frenzy. Next year's buyout, acquisition or merger is bound to top what's been seen so far.

Behind the head-turning pacts and ego-fueled empire building, however, the magazine industry at the start of the 1990s is faced with audacious challenges from other traditional media and newer forms of media, such as the custom magazines and now even advertiser-supported books from Whittle Communications and out-of-home targeted videos in doctors' offices and supermarkets. And the endemic problems of near-crippling paper and postage costs have only become more burdensome.

Under the sheen of top-dollar price tags and pie-in-the-sky media synergies, the industry faces the rumbling dissatisfaction of advertisers, especially mass marketers and their agencies, according to leading observers and participants. What they want from magazines are new ways to stand out in an increasingly cluttered media environment.

Maybe no one knows better than Peter Diamandis, who has made a few mega-deals in his time. After the big deal is done these days, as the gold dust settles momentarily, the business of making a magazine work is more difficult than ever.

"This business is a lot tougher today than when I entered it 30 years ago," says Mr. Diamandis, chairman of Diamandis Communications Inc. "The weak have left town. It's now a scrappy business."

Maybe it's harder for publishers to be gentlemen—and ladies—these days. To say the magazine business is no longer the business of just selling ad pages is to say nothing at all. Pushed by client and agency alike, magazine publishers are developing value-added programs to go with the traditional page buys; this represents a fundamental evolution in publishing philosophy.

"I don't want to sound missionary, but we have to help advertisers sell products," says Donald Elliman, exec VP-marketing, Time Inc. Magazine Co. "We used to be in the business of offering a product. Period. Now we design products for advertisers using existing publications. We are more of a customer-driven business. We have to be."

In January, for instance, Time Inc.'s *People* quietly assembled some of the "best and brightest" among their sales and marketing staff to form the Market Development Leverage Group to go beyond just selling ad pages. The team of seven is a sort of guerrilla unit whose mission is to ignore the traditional publisher-advertiser relationship and act to solve customers' long-range business problems with the use of Time Inc. resources.

"The group targets categories we think will have significant growth in the next five years," says Michael Pepe, *People's* director of marketing/promotion. "We are also trying to reorient our sales staff away from thinking about publishers' problems and to think about advertisers' problems. Who are advertisers trying to reach and how can *People* help them?"

Considering the pressures, publishers need that mix of scrappiness and smarts. They face not only multiplying ad agency rate-negotiation swat teams, but also the potential of planned pooling of agency media-buying groups, which is expected to give clients more leverage with multi-national media conglomerates.

Then there are the advertisers themselves, forming conglomerates, such as Philip Morris Cos.' new Kraft General Foods Group, which will be able to demand and get deep discounts from selected magazines.

Magazine publishers are countering the pressures with an increasingly complex assortment of special "event" promotions meant to deepen and sustain relationships with advertisers. At the same time, multi-title publishers are constructing what look to be permanent corporate ad discount plans designed to hold onto their large advertisers while building incremental business.

> Pushed by client and agency, publishers are developing value-added programs to go with the traditional page buys that represent a fundamental evolution in publishing philosophy.

The group ad incentive plans, at first devised as temporary two-and-three-year plans to halt eroding market share, now appear to have become permanent selling tools for magazine publishers.

Critics contend the discount ad plans encourage commodity buying of magazines by client and agency, but in most cases they have represented successful ways of bringing in new advertisers and ad dollars.

"Discount plans complicate our life endlessly, but they are here to stay and are good for clients," says John Gray, senior VP-director of media planning, J. Walter Thompson USA, New York. "The growing number of plans makes the business more competitive, and competition is in the interest of the advertisers. I don't mean just a better price. I mean offering more in the way of added value situations, including anything from page positioning to merchandising."

Here's a selection of varying pace-setting discount plans, both old and new:

- Time Inc.'s Max-Plan virtually started it all in 1987, but the plan includes an important twist others don't: Advertisers are rewarded with bonus pages for increasing the "share" of their magazine ad budget spent in Time publications. Mr. Elliman says 558 separate advertiser divisions signed up for the plan in 1988, and more than 200 actually participated. Minimum spending level is $500,000 a year in Time Inc. titles. The plan is credited with making all participating Time titles build ad pages in 1988, with the exception of *Money*.
- Added Impact Buys program, introduced by Family Media Inc. in January, is being used to "develop a corporate identity" as well as increase ad business. "If you asked a media planner to name the 10 Family Media titles, they couldn't," says Frank Colonno, VP-group publisher, who oversees the Added Impact plan. "Now they can gain cost efficiencies as their investment with Family Media grows by pages or titles. People will know who we are with this program." Family Media, publisher of magazines including *Discover*, *Golf Illustrated*, *Savvy Woman* and *Taxi*, also made merchandising offers and "added value events" part of the plan.
- One of the newest plans is GAIN, from American Express Publishing Corp. Standing for Group Advertising Incentive Plan, it rewards advertisers with space credits for increased spending and bonus credits for spending in a new American Express title. Those eligible must spend a minimum of $100,000 a year. "We aren't concerned with share of market. We found that's a nuisance for our advertisers and only a publisher's concern anyway," says Ron Prince, VP-corporate advertising/marketing, American Express Publishing Co. "We want to induce advertisers into trying new titles." AmEx also offers a "bi-coastal buy": a 10% discount for running in both *L.A. Style* and *New York Woman* magazines.
- While not strictly an ad package yet, Interdeco Inc., a subsidiary of the Paris-based Hachette-Filipacchi Group, will one day work as one, and internationally at that. New York-based Interdeco opened in February and will handle international marketing and ad sales for all 14 editions of *Elle* magazine worldwide. Eventually, by 1992, Interdeco's services will be extended beyond *Elle* to other Hachette publications (which includes the 15 magazines published by Diamandis Communications) and Filipacchi publications.

"Group pricing by magazine publishers is a reality, and in the future the group publisher will have that advantage," says Mr. Elliman. "Something like Max-Plan will be around for as long as I can see, though the chances are it won't be just like Max-Plan is today."

However, a new-fangled incentive plan is no guarantee of an advertiser's continued business, as many magazine publishers learned in February when Nissan Motor Corp. USA said it would pull all consumer print advertising for the remainder of 1989. In early

(Continued on Page 6)

Patrick Reilly is an ADVERTISING AGE reporter who covers the print media.

Illustration by Tim Jonke

LOOKING TO THE '90s

Grune: European opportunities.

It's time for global plans

By George V. Grune

Chairman-CEO,
Reader's Digest Association

Experts say that global marketing will accelerate in the 1990s. By taking advantage of this trend and capitalizing on their strengths, magazines can grow even stronger and emerge better equipped to serve readers and advertisers around the world.

In the near term, Europe offers the most opportunity. The 12-nation European Community is preparing to dismantle trade barriers by the end of 1992, creating a single market of 320 million consumers. As one of the most important advertising vehicles, magazines can serve as the major link between marketers and consumers as this new economic reality unfolds. To succeed, we must keep these facts in mind:

- Companies doing business in Europe after 1992 will find that a truly "common market" means the ability to sell goods and services across borders, free of tariffs and other restrictions.
- A deregulated Europe does not mean an end to cultural and language differences across the continent.

As a first step, I would caution against preparing for 1992 by rushing to start pan-European magazines or making radical changes to existing publications so that they'll appeal to everyone everywhere without regard to individual identity.

We would be wiser to remember our traditional strength—the ability to identify, target and deliver market segments. And we do that best through magazines that have a unique editorial identity as well as a respect for the national and cultural heritage of our readers.

A *global* strategy based on publishing magazines on a country-by-country basis, with individual titles targeted to local readers, would enable publishers to obtain complete coverage of the European marketplace and benefit from shared resources and operating efficiencies.

Such a strategy also would better serve the growing requirements of advertisers. According to one survey, the number of companies tailoring ad campaigns to account for regional differences in Western Europe has climbed to over half from 17% in 10 years.

For this strategy to be fully effective, I also believe magazines must be published in the local language. Language is at the core of one's individual, cultural and national identity and forms a natural bond between a magazine's editorial and readers. In addition, people are more likely to respond to an advertiser's message when it's in the language they

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(Continued from Page 5)

1988, Time's Max-Plan had been the clincher in landing Nissan Motor Corp. USA when the auto marketer was deciding among Time Inc.'s *Fortune*, *Forbes* and *Business Week*. Nissan said the Time discount plan broke the tie, and it chose *Fortune*.

Beyond discount plans, there is further evidence that, as Mr. Diamandis and others believe, magazine publishers are becoming scrappier. It may be most evident in what is now being called "event media," a form of added-value that is delighting most advertisers and agencies and proving lucrative for publishers.

Possibly the most lavish event media came earlier this year, when K mart signed a $20 million marketing program with lifestyle consultant Martha Stewart to reconstruct and furnish a country house.

Family Circle, for which Ms. Stewart is a contributing editor, will carry three advertising sections purchased by K mart that offer tips on home decorating and feature products sold by the chain that can be used in renovating homes. The promotion includes heavy use of prime-time TV commercial spots, which will indirectly benefit *Family Circle* through its connection with Martha Stewart. The promotion calls for K mart to run more than 60 pages in *Family Circle* over 12 months, at a cost of about $4 million. Some pages also will run in Meredith Corp.'s *Better Homes & Gardens*.

"Event marketing is all about having a focal point, and for us it's Martha Stewart; she's the glue," says Charles Townsend, *Family Circle* president and publisher. "There is every reason for us to do a follow up on this next year with K mart. Events like this create a special relationship with the advertiser."

The housing idea has caught on among publishers and advertisers looking for stand-out events.

On a more modest scale, the editors of Meredith Corp.'s *Country Home* were asked by Lane Furniture to design showrooms for the entire line of Lane's new Country Shaker Collection. The showrooms were on display in April at the Southern Furniture Market in High Point, N.C. The rooms also will be featured in a special editorial section in *Country Home* in October.

The event media can be expensive affairs, just as the K mart-Martha Stewart-*Family Circle* linkup shows, and more multi-million dollar deals are being signed. In January, Kraft signed a $3 million agreement with Meredith Corp. to launch a joint advertising/publishing tie-in promotion this year. It involves ad pages in *Better Homes & Gardens* and four other Meredith magazines, a Meredith-produced cookbook with recipes calling for Kraft products, and even a national free-standing insert in Sunday newspapers.

"These events may seem expensive but probably not more than if K mart bought into a number of different publications separately," says Mr. Gray. "If an advertiser looks at the cluttered media environment, he may well decide to sacrifice some of the traditional magazine ad frequency to get some needed visibility through big events."

The danger for publishers is that expensive event media will suck up dollars advertisers normally dedicate to page schedules in magazines. "Event media can cut into the normal media budget, but for some clients, it's worth reaching into their pockets to preempt their competition," says Art Heller, exec VP-media, programming, marketing services, Griffin Bacal, New York.

A Griffin Bacal client, Hasbro Inc.'s Playskool division, is keeping dollars in magazines while it also invests in a new media: a single-sponsor custom magazine. Playskool will be the sponsor of *First Time Parent*, to be published by Cahners Publishing Co.'s American Baby magazine division. The custom magazine will be mailed free three times a year to homes of first-time parents.

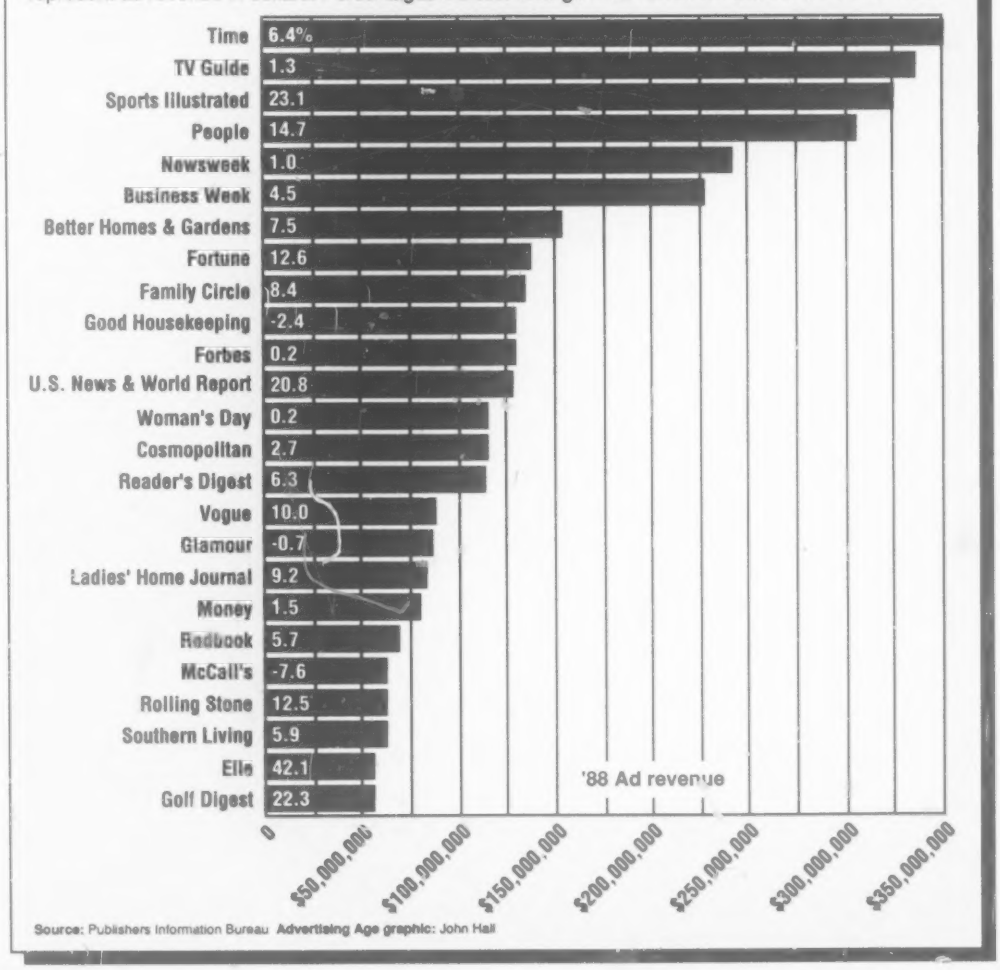
"We've diverted some Playskool media money to this special event, but Playskool will keep a substantial schedule in consumer children magazines. You still need the through-the-year continuity of traditional media," says Mr. Heller.

"The cost is not inexpensive for Playskool, but well worth it for strengthening the relationship between Playskool and parents. Everyone is reaching out to influence the target consumer. This can focus on the target and minimize the waste that comes with run-

(Continued on Page 70)

Top magazines in 1988 ad revenue

Time magazine displaced TV Guide in 1988 for the top spot in ad revenue generation. Strong growth in ad revenue was also posted for 1988 by Sports Illustrated, U.S. News, Elle and Golf Digest. Bars below represent ad revenue in dollars. Percentages indicate change in ad revenue between 1987 and 1988.



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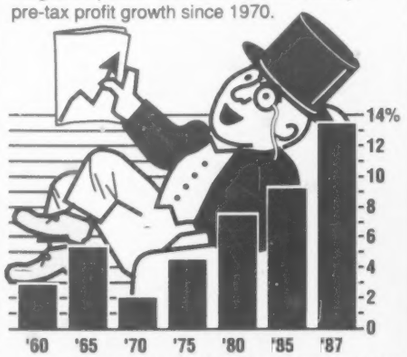
Magazine profits surge

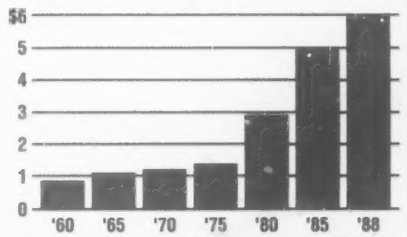
Magazine publishers have realized steady pre-tax profit growth since 1970.



Source: MPA Financial Surveys Advertising Age graphic: John Hall

Magazine ad revenues

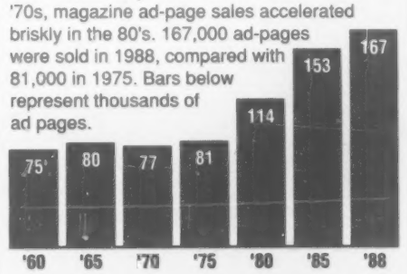
Revenue from advertising has skyrocketed from $1,336,000,000 in 1975 to $5,943,000,000 in 1988. Bars below represent billions of dollars.



Source: Publishers Information Bureau
Advertising Age graphic: John Hall

Magazine ad-page sales

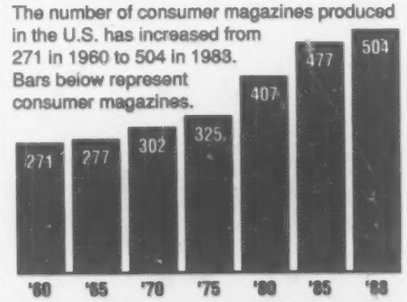
After lackluster performance in the '60s and '70s, magazine ad-page sales accelerated briskly in the 80's. 167,000 ad-pages were sold in 1988, compared with 81,000 in 1975. Bars below represent thousands of ad pages.



Source: Publishers Information Bureau
Advertising Age graphic: John Hall

Consumer magazine growth

The number of consumer magazines produced in the U.S. has increased from 271 in 1960 to 504 in 1988. Bars below represent consumer magazines.



Source: Audit Bureau of Circulations
Advertising Age graphic: John Hall

Magazines will lose share of media expenditures during the '90s, says veteran forecaster Robert J. Coen. But on the upside, he sees overall magazine revenues doubling in the same period.

A MIXED-BAG FUTURE

By Robert J. Coen

In the next 10 years, magazine advertising and usage patterns will gradually change, but by the end of the century the magazine industry will be significantly different than today.

I believe that change will occur at a somewhat faster rate than in the past. But changes will tend to be evolutionary, and many future developments will not be clearly evident until a span of years has passed. I believe some of the upcoming changes can be anticipated, but many will prove, after the fact, to have been difficult if not impossible to foresee.

The magazine industry's share of expenditures in all media, which was about 5% in 1988, will be eroded over the next decade, but probably at a lesser pace than in the '80s. By 2000, total U.S. advertising is expected to grow to a level approaching $350 billion. Even with some erosion in share, we can expect that magazine advertising revenues of $6.072 billion in 1988 will more than double in the next decade, rising to a level somewhere between $14 billion and $18 billion.

I went back to the period near the end of the '70s to examine the situation in those years and the expectations and concerns about the '80s that were apparent in 1978 and 1979.

The first thing that I spotted was that everyone was very optimistic about the future of magazine advertising in the late '70s. The growth in this advertising from the mid-'60s through mid-'70s had been terrible, with TV gaining in share and magazines declining. But by 1976 the trend had improved markedly for magazines. The restructured industry was on its way back; in 1976, '77 and '78, ad pages increased sharply and expectations were much brighter than they had been for years.

Cautious optimism was repeatedly expressed at the PaineWebber media outlook conference in December 1978. But it was apparent there was still concern about the competitive threat from television. There were many references to the fact that magazine rates had risen very moderately in the recent past while TV costs had soared. Magazines were gaining acceptance in the media mix, and there were even some gains at the expense of ever-more-costly television.

One analyst exhibited considerable comfort because magazines' future was further brightened by tobacco ads having been eliminated from the broadcast media and because distilled spirits ads, which were not competitively threatened by TV, were on the upturn. At that time Seagram had revised its marketing strategy to one employing greater amounts of advertising with even higher concentration in magazines. The rhetoric was positive, but the industry leaders were aware that the competition was tough and new opportunities were not going to be easy to come by.

From 1978 to 1988 the magazine industry experienced a number of changes, some of the most noteworthy being:

- Magazine ad revenues grew at a pace that matched or exceeded GNP growth in most of these years.
- Magazine advertising grew faster than ad revenues of the three major TV networks.
- Growing concern about media costs and the trend to the use of 15-second commercials increased the acceptance of and the need for print advertising.
- The proliferation of new magazines resulted in as many as 100 to 200 new titles a year in the late '80s.

But . . .

- The tobacco and distilled spirits categories declined in importance as advertisers.
- Increased acceptance of magazines as an alternative to TV also resulted in much greater pressure on magazines' prices and extra bonus value demands.
- New print media competition from free-standing inserts, pre-prints and direct mail cut into magazines' share of major media budgets.
- New electronic media competition from cable TV, more independent TV stations and TV syndication also eroded magazines' share of major media budgets.

> Although magazines' share of advertising expenditures will erode in the next decade, according to Robert Coen, revenues will more than double, to a level somewhere between $13 billion and $16 billion.

From 1978 to 1988, the magazine industry did very well despite some loss in their share of national marketers' major media budgets. In 1978 magazines captured 14.6% of the ad dollars spent by national marketers in newspapers, magazines, TV, radio and direct mail. By 1988, magazines' share had slipped to 11.8%, but the total size of national marketers' ad budgets had risen more than the erosion in share, so magazine ad growth kept pace with economic growth.

As to the next decade, how will magazines do? Will the total advertising pie grow fast enough to offset any further erosion in magazines' share? Will magazine advertising use by any key industries rise or fall significantly?

We believe the national marketers' ad budgets will be under considerable pressure during 1989 and into 1990. By 1991, the inevitable end to overly constrained ad spending is likely to arrive and annual budget growth should begin to move into the 8% to 10% range. Many of the recent advertising trends will

(Continued on Page 76)

Robert J. Coen is senior VP and director of forecasting for McCann-Erickson Worldwide and regularly prognosticates ad spending by media in the pages of ADVERTISING AGE.

LOOKING TO THE '90s

Johnston: Publishers' priorities must be redefined.

Just say no to 'cut-rate' dealing

By Doug Johnston

Publisher, Vanity Fair

There's no question the number of new magazine launches during the past decade has increased at an unprecedented rate. Advertising budgets, however, have not.

In an effort to be competitive in this crowded arena, publications have tended to take measures that diminish the perception of quality surrounding their product: dealing, discounting, excessive merchandising. This "cut-rate" environment not only undermines the integrity of a magazine, it has a negative impact on the industry as a whole.

Our challenge as publishers in the 1990s is to redefine our priorities. Time, energy and dollars are better spent improving and developing better products. "Added value" should be the magazine itself.

Can that work in these competitive times?

It has worked at Conde Nast. In the past four years, *Vanity Fair* has experienced tremendous advertising and circulation growth. Our dramatic success can be clearly attributed to our editorial product. That reflects a pattern of interest and demand on the part of the reader, which goes back to what magazines are supposed to be about: putting out a product that people *want* to read.

High-flying act shows some wear

'If publishers really use their head, there is real value in special events.'

(Continued from Page 8)

ning schedules in magazines."

Some publishers have found ways to develop event media within their own pages. To celebrate its 2,000th cover last year, *Life* created a special section for its May 1988 issue reprinting all of the covers. DDB Needham Worldwide bought the entire section and divvied up the pages to a number of its clients, including Amtrak, Weight Watchers International and Hershey Food Corp.

"We saw the opportunity to buy the whole thing," says Paul Zuckerman, senior VP-director of media planning and operations, DDB Needham Worldwide, New York. "Basic magazine schedules is really thinking short term. But if publishers really use their heads, there is real value in special events. It develops a stronger relationship, a marriage between publishers and advertisers."

A chance for an even more noticeable special event presented itself a few months later, when *Life* was planning to reissue its November 1963 issue in late 1988 to mark the 25th anniversary of the assassination of John F. Kennedy. The reprint was bought by one DDB Needham client, First Nationwide Financial Corp.

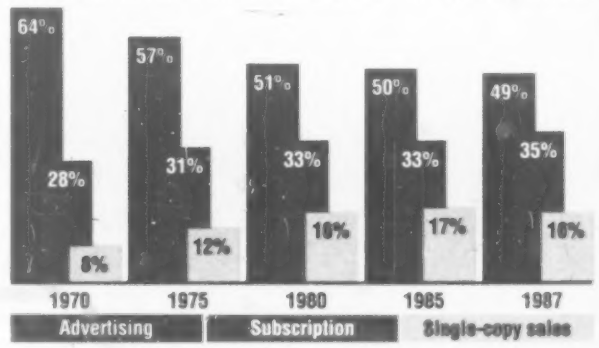
"*Life* came back to us with a number of standout events, but we passed on them until they offered the Kennedy issue, and we jumped on it," says Mr. Zuckerman.

"The point is we have a strong relationship with *Life*. I meet with publishers and say 'If you want a special event, let's sit down and pick our brains. Give me something I can sink my teeth into.'

"Events let everybody win. The ad agency gets good PR for doing it, the client gets the special interest they wanted, and maybe a price discount, and the publisher gets the pages." □

Evolving sources of magazine revenue

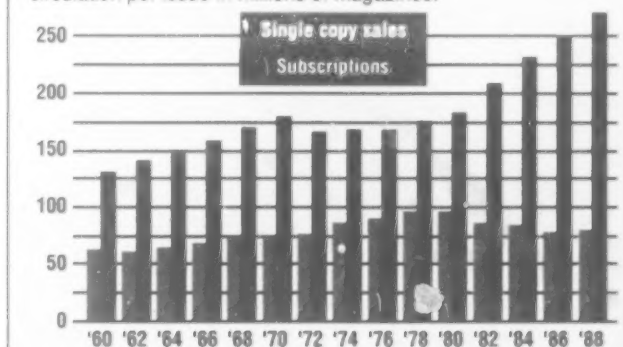
Publishing revenues are increasingly being derived from readership related sales. Advertiser related revenues have declined from 64% of total revenue in 1970 to 49% in 1987.



Source: MPA/Price Waterhouse Advertising Age graphic: John Hall

Magazine subscriptions skyrocket in the '80s

Magazine subscriptions skyrocket as single-copy sales sag. Single-copy sales have risen from 61,043,613 in 1960 to 78,929,755 in 1988. During the same period subscriptions have accounted for a rise in sales from 126,870,013 to 267,887,397. Legend at left reflects first six months average combined circulation per issue in millions of magazines.



Source: Audit Bureau of Circulations Advertising Age graphic: John Hall

In step with history

Consumer research made agencies and magazines the countinghouses of American popular culture.

(Continued from Page 28)

Post, Collier's, McClure's—were much less curious about their readers than their advertisers were. They assumed that "everybody" read them. It was JWT that began conducting the first readership studies, and it soon discovered that when it came to shopping, "everybody" was not created equal. Cultural levels could be categorized, buying habit valuated. *The New Yorker, Time* and others were fascinated by the possibilities and flooded their readers with questionnaires.

As brands cemented the consensus underpinning the mass market, consumer research made agencies and magazines the countinghouses of American popular culture.

The discovery came just in time. By the Depression, magazines' days as America's monopoly mass medium were about to end. Network radio leaped magazines' natural barriers of time and literacy and spoke to all America in one voice at one time. The critical mass of ad dollars began moving to the air.

By 1933 magazine revenue was half what it had been four years before. And what was left was going to magazines whose readers' passion for information was exceeded only by their passion for purchasing. Not until 1943 would magazines pass their 1929 high of $185 million in advertising revenues.

To make matters worse, movies started talking. People who once looked to magazines for folksy fiction, adventure and romance now found it in local movie houses. A staple product of middlebrow magazines was being preempted. In 1932, movie director Frank Capra sat in a barber chair leafing through an issue of *Cosmopolitan* when he came upon a short story called "Night Bus." But who would have heard of it had not Capra two years later turned it into "It Happened One Night"?

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LOOKING TO THE '90s

Niles: Ever-tighter targeting lies ahead.

Personalization will reach new levels next decade

By Nicholas Niles

Publisher, Food & Wine

In the 1990s, magazines will be deeply and comfortably imbedded in today's trend toward increased personalization . . . finely tuned special interest magazines. Our readers will expect us to speak directly to them, to their lifestyles, needs, leisure pursuits and aspirations. Both the magazines themselves and the products advertised in them will be counted upon to show a closeness to consumers' individuality.

How will we do this? Technology, of course.

Look at the way magazine audiences are being sold to marketers today, especially those of mass magazines with high out-of-pocket costs. The audiences (and the costs of reaching them) are divided and sub-divided into regional editions, major metropolitan areas, top cities, ABCD counties, Zip codes, affluent Zip codes, occupation, et al.

By 1995, "et al" may well become ad infinitum. Advertising copy splitting by editions will become increasingly precise. And some magazines already have editorial forms that vary geographically.

The next step will be increasing personalization of the editorial product. For example, my magazine, *Food & Wine*, could have an editorial subject "menu." When an issue is finished and ready for printing, there will be alternative features in the menu.

The production computer will then send a magazine with additional wine features to the hypothetical 20% of our readers who are oenophiles; the pastry chefs would get the extra story on Viennese pastries; those with an interest in home decorating would receive articles on kitchen design, broken out by small space, for city dwellers only, and country kitchens for suburban homeowners.

The added bonus to this scenario is that advertisers will have unparalleled targeting ability. And with precise interactive telemarketing fast becoming a reality, marketers also will have unequaled proof that their advertising works.

Will invasion of privacy become an issue? Will magazines and oh-so-direct marketers become the scourge of civil libertarians? Perhaps we will prove that Orwell was only 10 years off. Most likely, consumers will be able to kick back on the couch and read personalized editions of their favorite magazines. □

'Know thyself'

(Continued from Page 66)

cally accompanies sales people on sales calls. "Not many guys with their names on the door are willing to do that," says Mr. Losee.

As for Mr. Knapp himself, he hopes the competition in upscale magazines remains high. "If the competition slacks off too much, that wouldn't be good for us," he says. "Ten years ago we were guilty of a certain amount of arrogance. And advertisers penalized us for that. Today, we are more marketplace driven than bottom-line driven. That makes us more flexible to work with on the part of advertisers. It makes us a better publishing company, too." □

A mixed bag future

On balance, the magazine industry will do very well from now until the end of the century.

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continue into the upcoming decade, and some of the implications for magazines are:

- Magazine ad revenues should continue to grow at the same or a moderately faster pace than GNP in the next decade.
- Some of the last decade's new titles will grow significantly and join the leading major titles that will continue to account for the great majority of magazine advertising revenues.
- Shorter TV commercials and rising TV costs will continue, and the acceptance and the need for print media should grow even more in the next decade.

But . . .

- The three major TV networks will continue to be the dominant medium, and they will be much more competitive in their pursuit of incremental ad dollars.
- In the '90s, cable TV will provide more upscale and selective options. Thus, magazines' competitive edge in these areas may be threatened.
- High definition TV and pay-per-view cable will gradually emerge during the decade, and their imminent arrival will have an impact on strategic thinking.
- Some of the classifications most important in the '80s can become vulnerable to the inevitable decline following a rise to the peak.
- All competitive media will search harder for ways to make their time and space offerings more attractive to the marketers of the '90s. In the '90s., magazines' share of national ad budgets will be subject to some slippage.

Nevertheless, we believe that on balance the magazine industry will do very well from now until the end of the century. The gains in acceptance and use should continue to expand in the years ahead. A number of today's softest magazine sectors should start back up. □

Grune

(Continued from Page 8)

speak. U.S. publishers now launching local-language editions of their publications apparently agree.

Reader's Digest has had considerable experience publishing local-language magazines. Today our 39 editions in 15 languages reach 100 million people worldwide. Each edition blends articles of universal appeal with articles of local interest.

We're using our strength as a combination "global-local" publisher to prepare for 1992. In April, we began an editorial series titled "Europe 1992," which appears in eight different languages in our 10 European Community editions. Topics covered will range from a common agricultural policy to consumer and environmental concerns in post-1992 Europe.

This customizing of editorial is not new to us. We started it in 1938 when we launched our U.K. edition, the first outside of the U.S.

Based on our experience, we're excited about the prospects for a deregulated Europe. We think other publishers should be, too.

The world is going to keep shrinking in the next decade. And the opportunities for magazine publishers will be bigger than ever. Now is the time to plan. □

Hefner

(Continued from Page 20)

own opportunity.

Both editorial material and the magazine's brand franchise are assets with value in the international marketplace. Over the last 17 years, we've developed our licensing business to the extent that today, *Playboy* sells 1.7 million copies each month of licensed foreign editions in Argentina, Australia, Brazil, Germany, Greece, Hong Kong, Italy, Japan, Mexico, the Netherlands, Spain and Turkey. We've taken the next step of offering advertisers an international rate card. For example, an international advertising group buy was arranged recently for the Franklin Mint with six foreign editions—Australia, Germany, Hong Kong, Japan, the Netherlands and Spain.

In addition to the possibility of licensed foreign editions, publishers should consider international distribution of their periodicals. Each month, our subsidiary Boarts International distributes more than 200 titles, including *Business Week*, *Better Homes & Gardens* and *Ebony*, to nearly 100 countries, enabling publishers to increase sales, prestige and editorial exposure.

The second expansion area is spinoffs and one-shots. Meredith Corp. and Hearst, for example, now have 40 and 16 one-shots, respectively.

Playboy has used its photo library and its newsstand clout to develop a successful newsstand specials program. Publishers can operate opportunistically in this area as well as test new concepts.

The third area of potential expansion comes from forming strategic alliances with other publishers to amortize overhead, use operational leverage and serve expanded reader and advertiser interests. *Playboy's* acquisition of a 20% minority interest in the *duPont Registry*, an upscale monthly car magazine, and *McCall's* relationship with *Working Woman* exemplify this growth strategy.

Finally, publishers have the option to grow by expanding into different media.

The growth technologies of cable and home video are more targeted than traditional broadcast, thus providing opportunities for magazine extensions.

Taking advantage of resources that are particular to the company and its products is key to the niche player's success.

Readership loyalty allows smaller publishers to maintain their share of the marketplace and, more important, ensures easier entry into new markets that are logical extensions of their products. We believe that by developing targeted strategies for growth, which leverage editorial, operational and financial assets, the niche player can grow and find new opportunities to continue performing successfully into the future. □

Smith

(Continued from Page 26)

magazines. Some editors seeking ever-larger audiences may drift toward entertainment over substance. But the great news and feature magazines have always been able to sell space to advertisers who believed that editorial environment and reader involvement were vital components of the media buy. I believe that advertisers will continue to demand high-quality editorial that challenges readers well into the 1990s.

Advertisers also want to

(Continued on Page 78)

Big names are hot as cover subjects, but People, which helped start that trend, takes a new tack.

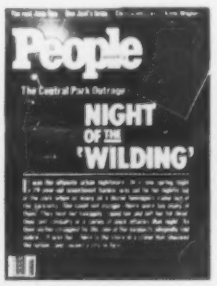
CELEBRITIES SELL MAGAZINES—SOMETIMES

By Jill L. Sherer

What do John Gotti, Kristy McNichol and Connie Chung have in common? They've been on the cover of *People*, renowned for parading the faces of celebrities for the past 15 years.

While some editors contend that today's magazine cover trends are keeping the personalities of our pop culture in the limelight, others believe the story is more important than the star in marketing to the newsstand masses.

"The celebrity cover was fueled by a certain kind of Reagan era sensibility in which money, power and fame all coalesced to represent the only form of glamor in America," says Lee Eisenberg, *Esquire* editor-in-chief. "It became the style that seemed to attract everybody.



While historically People has been a primary vehicle for major cover luminaries, recently it has begun to use fewer celebrities.

"While celebrities are still the safest bet, we've gotten ourselves into the celebrity glut . . . and the excitement of a celebrity cover has been mitigated by how many are on our newsstand. I think it's beginning to have a backlash reaction, moving celebrities out. One might presume the trend is heating itself out and we're on our way to another one."

According to James Gaines, managing editor of *People*, while an increasing number of magazines are using celebrity covers to sell themselves, *People*—of all people—is using fewer. "*Vanity Fair* is 100% celebrity. *Premiere* is 100% celebrity. We have succeeded in the past couple of years more than before in putting people [on the cover] who are well known not because they are celebrated."

This recent philosophy has manifested itself with cover subjects including Hedda Nussbaum, the L'Esperance quintuplets and five-year-old Christina Onassis, the richest little girl in the world and the magazine's biggest seller so far this year.

"*People* has come to realize the celebrity himself or herself is not enough and that you need not just Sean Young, for example, but Sean Young's run in with James Woods," says Mr. Eisenberg.

While some editors contend that today's magazine cover trends are keeping the personalities of our pop culture in the limelight, others believe the story is more important than the star in marketing to the newsstand masses.

While *People* has recently taken on a more newsworthy face, historically the magazine has been a primary vehicle for major cover luminaries, including Elizabeth Taylor, Fergie and Princess Di, the last of whom has graced *People's* cover 35 times.

The success of Di represents a certain noble immortality as she continues to prosper on magazine covers from the tabloids to news rags and women's magazines. "Princess Diana is never bad," says Myrna Blyth, editor of the *Ladies' Home Journal*. "And even when she's bad, she's not bad. She is a superstar personality of the world."

"Royals do well," says Elizabeth Sloan, editor of *McCall's*. "If you run Shirley MacLaine, you will attract older audiences, if you run Rob Lowe you will attract younger audiences. Very few people, with the exception of Jackie Kennedy, Fergie and Princess Di, can attract the entire spectrum."

Ms. Sloan says that the changing face of *McCall's* is in response to the problem of the women's service magazines looking alike. "In the past, the women's magazines have been all formula—one pretty face. They say that if you covered the nameplate, you couldn't tell the magazines apart."

The new look is also a result of supermarket technology, as optical scanners have significantly minimized the time spent checking out, says Ms. Sloan, who attributes her magazine's record-breaking newsstand sales to a redesign of the "potpourri" cover featuring a pictorial table of contents. "Now *Good Housekeeping* and *Ladies' Home Journal* are doing the same."

"We strive to catch the eye of the busier person," agrees Ms. Blyth. "But television is making us more visually sophisticated, and it is this sense that requires our covers to be more creative,

(Continued on Page 84)

Jill L. Sherer is a Chicago-based freelance writer.

(Continued from Page 82)

innovative and visual."

A more visual cover, however, does not necessarily mean one embroidered by pillbox-size closeups of the famous, or, according to David Sendler, national section editor of *TV Guide*, "a cover of one big beautiful image that you could frame.

"Conventional wisdom is that photos sell, but we can cite you chapter and verse that drawings do as well," says Mr. Sendler. "We had a drawing of Bobby Ewing in the shower on one cover, and we went up three-quarters of a million on the newsstand."

"Any marketing expert will tell you that a photo sells better than a painting," says Henry J. Muller, managing editor of *Time*, "but we've been successfully using art for 65 years."

Time tries to use cover subjects that fit in with their franchise of being a news magazine. "Our overall mix of international, national, political and business figures, cultural personalities and even an occasional crook has remained the same," says Mr. Muller.

This is Elizabeth Taylor's first of 12 appearances on the cover of Life. She heads the list in our informal count of celebrity cover appearances, shown in the boxes at right.

And while the news and women's service periodicals don't always conform to the same set of guidelines, neither do the music titles.

Jann Wenner, editor-in-chief of *Rolling Stone*, says his magazine lives by a separate set of rules and does not make decisions by competing with *Spin*, for instance. "In terms of music magazines, how many are out there—*Spin*, *Musician*, *Guitar Player* and some teen magazines? We don't really compete with them in terms of covers and newsstand sales."

He says that *Rolling Stone* is not a celebrity magazine, adding that it didn't use any more non-music personalities on the cover this year than last year or the year before that. "A cover subject must be current or journalistically valid at that moment. If Madonna has a new album coming out, she's the best choice for the cover." Madonna has been on *Rolling Stone's* cover five times.

"There is an incredible competitiveness about cover subjects in that there are more and more magazines on the newsstands," says Mr. Muller. "Everyone is trying harder to find a way to shout in order to get attention."

In the past, *Time's* celebrity covers have included Richard Nixon, Henry Kissinger, Leonid Brezhnev and Gerald Ford. "We don't do celebrities just for the sake of doing celebrities," says Mr. Muller. "We [Time Inc.] have a sister publication, *People*, that does that better than anybody else in the business."

While some including Mr. Eisenberg believe the fire of the celebrity cover is smoldering, other editors believe the power of the popular face was never anything more than an ember.

"We do a couple of celebrity covers a year," says Patricia Ryan, managing editor of *Life*. "But they are not a constant theme in our magazine, unlike *Vanity Fair* or *People*. I don't need a celebrity on the cover."

"Your cover defines you in popular perception. I don't think our magazine has changed at all, inside there has always been a broad mix," says Mr. Gaines. "I hope it violates [consumers'] idea of *People* as merely a celebrity magazine."

Mr. Eisenberg doesn't believe covers have the vitality or vibrancy of four or five years ago. "The thing has gotten so out of hand that a magazine has put its own editor and owner on the cover, namely Frances Lear."

He says *Esquire* has not been doing celebrity covers for that long. Before 1987, *Esquire* was very "ad hoc" about what was on the cover. It would experiment with various things such as travel and restaurants.

Each *Esquire* cover was different. "When you do a cover that is all over the place, you are rolling the dice month after month," says Mr. Eisenberg. "An even commodity balances out the peaks and valleys."

After 1987, however, *Esquire* went to a new format and size and began featuring male celebrities that "fit the *Esquire* mold—men like Woody Allen, Robert Redford and even Sylvester Stallone, who were movie stars with an extra dimension," says Mr. Eisenberg.

"Ted Danson or Corbin Bernson would never be on *Esquire's* cover, even though they are men who are popular in mass culture. But they are not men about whom I or our readers have a large amount of curiosity," he says.

"You always want to be able to hit a home run. Amazingly, even people who hit home runs can strike out. You at least put in to get a single or a double," says Ms. Blyth, who believes there is no formula for the prototype perfect cover. □

Cover champions of selected magazines

LIFE

Cover subject	Appearances since 1960
John F. Kennedy	15
Jacqueline Kennedy Onassis	14
Lyndon B. Johnson	10
Elizabeth Taylor	8
Marilyn Monroe	7
Richard Nixon	6
Robert Kennedy	5
Barbra Streisand	5
Ted Kennedy	5
Sophia Loren	5
Paul McCartney	5

Rolling Stone

Cover subject	Appearances since 1967
John Lennon	16
Mick Jagger	13
Bob Dylan	12
Bruce Springsteen	7
Jimmy Hendrix	6
Tina Turner	6
Jerry Garcia	6
Linda Ronstadt	6
Bono	5
Neil Young	5
Madonna	5

Ladies' Home Journal

Cover subject	Appearances since 1960
Princess Diana	18
Jacqueline Kennedy Onassis	14
Elizabeth Taylor	11
Barbara Walters	10
Marlo Thomas	9
Katharine Hepburn	8
Barbra Streisand	8
Princess Grace (Kelly)	7
Sophia Loren	7
Mary Tyler Moore	7
Linda Evans	7

Esquire

Cover subject	Appearances since 1960
John F. Kennedy	10
Elizabeth Taylor	7
Richard Nixon	7
Lyndon B. Johnson	7
Ted Kennedy	6
Robert Kennedy	5
Jacqueline Kennedy Onassis	5
Woody Allen	4
Frank Sinatra	4
Truman Capote	4

TIME

Cover subject	Appearances since 1960
Richard Nixon	36
Jimmy Carter	24
Ronald Reagan	19
Gerald Ford	19
Lyndon B. Johnson	15
Henry Kissinger	11
John F. Kennedy	9
Robert Kennedy	7
Leonid Brezhnev	7
Anwar Sadat	6

McCall's

Cover subject	Appearances since 1960
Jacqueline Kennedy Onassis	9
Mary Tyler Moore	8
Princess Diana	8
Elizabeth Taylor	7
Marie Osmond	6
Jaclyn Smith	5
Caroline Kennedy	5
Princess Grace	4
Lady Bird Johnson	4
Linda Gray	4

People weekly

Cover subject	Appearances since 1976
Princess Diana	35
Elizabeth Taylor	29
John Travolta	16
Jacqueline Kennedy Onassis	15
Farrah Fawcett	15
Cher	14
Princess Fergie	12
Bruce Springsteen	12
Michael Jackson	11
Princess Caroline	11
Olivia Newton-John	11

TV GUIDE

Cover subject	Appearances since 1953
Lucille Ball	26
Michael Landon	19
Mary Tyler Moore	17
Johnny Carson	16
Arthur Godfrey	16
Bob Hope	14
Richard Chamberlain	14
Linda Evans	13
Larry Hagman	13
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